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**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana  
December 31, 2001**

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Release Date 7/17/02

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

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**HAWTHORN, WAYMOUTH & CARROLL, L.L.P.**



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May 24, 2002

**Independent Auditor's Report**

Board of Directors  
Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of financial position of the

**Family Service of Greater Baton Rouge  
(A Non-Profit Organization)  
Baton Rouge, Louisiana**

as of December 31, 2001 and 2000, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Family Service of Greater Baton Rouge, as of December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2002, on our consideration of the Family Service of Greater Baton Rouge's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Family Service of Greater Baton Rouge taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yours truly,

*Hawthorn, Waymouth & Carroll, L.L.P.*

**Family Service of Greater Baton Rouge**  
**Statements of Financial Position**  
**December 31, 2001 and December 31, 2000**

	<u>2001</u>	<u>2000</u>
<b>Assets</b>		
Cash and cash equivalents	\$820,612	\$650,616
Investments	3,941	2,600
Receivables		
Service fees (net of allowance for doubtful accounts of \$15,000 and \$39,000 for 2001 and 2000, respectively)	10,395	12,641
Grants	431,935	335,673
Pennington Family Loan Program (net of allowance for loan loss of \$35,000 and \$24,000 for 2001 and 2000, respectively)	68,346	59,247
Prepaid pension cost	186,690	159,344
Other prepaid expenses	7,560	7,459
Land, building and equipment, net	<u>468,774</u>	<u>470,858</u>
<u>Total assets</u>	<u>1,998,253</u>	<u>1,698,438</u>
<b>Liabilities</b>		
Accounts payable	4,058	5,588
Accrued annual leave and other payroll liabilities	53,205	41,304
Mortgage payable		
Current maturity of long-term debt	<u>9,614</u>	<u>57,624</u>
<u>Total liabilities</u>	<u>66,877</u>	<u>104,516</u>
<b>Long-Term Debt, less current maturities</b>	<u>37,896</u>	<u>          </u>
<b>Net Assets</b>		
Unrestricted		
Designated by Board for capital improvements and education	77,308	65,158
Undesignated	<u>1,281,625</u>	<u>1,156,498</u>
	1,358,933	1,221,656
Restricted		
Temporarily	<u>534,547</u>	<u>372,266</u>
<u>Total net assets</u>	<u>1,893,480</u>	<u>1,593,922</u>
<u>Total liabilities and net assets</u>	<u>1,998,253</u>	<u>1,698,438</u>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Baton Rouge**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2001 and December 31, 2000**

<b>Revenue, Gains and Other Support</b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total 2001</u></b>	<b><u>Total 2000</u></b>
Public support				
United Way	\$542,600		\$542,600	\$531,600
Contributions/fund raising	59,908	\$170,000	229,908	73,117
Net assets released from restrictions in satisfaction of program restrictions	<u>27,208</u>	<u>(27,208)</u>		
	<u>629,716</u>	<u>142,792</u>	<u>772,508</u>	<u>604,717</u>
Other Revenue				
Service fees	113,073		113,073	131,676
Insurance reimbursement	888		888	2,303
Title XX-OCS	13,645		13,645	10,268
Parenting Center fees	22,958		22,958	35,162
Interest	14,915	19,489	34,404	45,099
Membership dues	13,385		13,385	9,556
Independent Living Program	202,482		202,482	188,235
Teen Advocate Program/ First-time Parents	214,977		214,977	307,846
Workshop	47,918		47,918	44,415
Children's Trust Fund	43,116		43,116	49,900
HIV Hope Grant	53,815		53,815	74,009
Care Coordination Grant	756,654		756,654	488,049
Women and Children HIV Grant	109,109		109,109	88,602
Positive Parenting Grant				50,980
Pennington Family Loan Program	55,000		55,000	59,173
Other	<u>11,337</u>		<u>11,337</u>	<u>26,167</u>
	<u>1,673,272</u>	<u>19,489</u>	<u>1,692,761</u>	<u>1,611,440</u>
<u>Total revenue, gains and other         support (carried forward)</u>	<u>2,302,988</u>	<u>162,281</u>	<u>2,465,269</u>	<u>2,216,157</u>

The accompanying notes are an integral part of these statements.



**Family Service of Greater Baton Rouge**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2001 and December 31, 2000**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2001</u>	<u>Total 2000</u>
(Amounts brought forward)	<u>\$2,302,988</u>	<u>\$162,281</u>	<u>\$2,465,269</u>	<u>\$2,216,157</u>
<b>Expenses</b>				
Program services				
Counseling Program	465,839		465,839	472,094
Parenting Center	157,583		157,583	208,840
Teen Advocate Program	113,973		113,973	145,902
First-time Parents	157,881		157,881	182,769
HIV Prevention	55,302		55,302	75,281
Care Coordination Program	687,578		687,578	465,748
Pennington Family Loan Program	132,236		132,236	96,263
Independent Living Program	193,001		193,001	173,295
Women and Children HIV Program	96,643		96,643	82,181
Supporting services				
Management and general	<u>105,675</u>		<u>105,675</u>	<u>173,106</u>
<u>Total expenses</u>	<u>2,165,711</u>		<u>2,165,711</u>	<u>2,075,479</u>
<b>Change in Net Assets</b>	137,277	162,281	299,558	140,678
<b>Net Assets, beginning of year</b>	<u>1,221,656</u>	<u>372,266</u>	<u>1,593,922</u>	<u>1,453,244</u>
<b>Net Assets, end of year</b>	<u>1,358,933</u>	<u>534,547</u>	<u>1,893,480</u>	<u>1,593,922</u>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Baton Rouge**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2001 and December 31, 2000**

	Program Services										Adminis- trative	2001 Total Expenses	2000 Total Expenses
	Counseling Program	Parenting Center	TAP	FTP	Pre- vention	HIVCC	PFLP	ILP	Women and Children HIV Grant	Total Program Services			
<b>Salaries and Related Expenses</b>	\$304,426	\$94,820	\$87,369	\$116,929	\$41,909	\$235,124	\$54,992	\$137,604	\$78,615	\$1,151,788	\$41,263	\$1,193,051	\$1,197,361
Salaries	29,938	11,950	9,604	15,459	3,714	20,699	6,380	9,866	6,072	113,682	239	113,921	105,654
Employee health and retirement	22,718	6,885	6,235	8,708	3,096	17,466	4,118	10,314	5,774	85,314	2,364	87,678	88,085
Payroll taxes													
<b>Total salaries and related expenses</b>	<b>357,082</b>	<b>113,655</b>	<b>103,208</b>	<b>141,096</b>	<b>48,719</b>	<b>273,289</b>	<b>65,490</b>	<b>157,784</b>	<b>90,461</b>	<b>1,350,784</b>	<b>43,866</b>	<b>1,394,650</b>	<b>1,391,100</b>
<b>General Expenses</b>													
Professional fees													
Supplies	22,493	18,357	658	1,060	1,555	1,419	2,642	676	416	49,276	2,051	51,327	103,949
Telephone	4,902	1,819	1,883	1,887	743	4,569	1,492	10,718	701	28,714	2,131	30,845	29,170
Postage	4,217	1,223	911	1,732	370	2,638	191	1,873	548	13,703	2,011	15,714	17,140
Janitorial and maintenance	6,103	2,622	686	235	79	2,452	791	109	531	13,608	808	14,416	12,442
Mortgage interest	5,680	1,509	846	1,286	396	1,180	327	1,923	332	13,479	3,046	16,525	15,110
Utilities	1,942	467	370	533	63	473	110	861	134	4,953	419	5,372	9,195
Rental and maintenance of equipment	4,028	346	767	1,101	134	977	236	1,778	277	9,644	631	10,275	8,770
Printing and publications	4,269	938	470	773	140	1,113	575	966	423	9,667	3,191	12,858	10,312
Travel	12,259	6,986	408	639	361	1,635	475	470	265	23,498	1,098	24,596	22,986
Local													
Out of town	2,663	365	2,937	5,710	1,289	3,545	368	3,990	2,002	22,869	558	23,427	22,794
Conducting conferences	1,534				169	257	2,042	3,794		7,796	469	8,265	10,710
Attending conferences	14,948	6,626		512	933	29	451	1,178		24,677	2,303	26,980	37,094
Specific assistance		150		24	72	953		1,465	180	2,844	2,844	5,688	8,454
Membership dues			73	73		391,487		3,673		395,306		395,306	247,076
Miscellaneous	50			75				300		425		425	865
Fund-raising expenses	1,113	122	49	124	90	498	1,572	142	49	3,759	6,676	10,435	14,652
Payments to affiliated organizations	4,529	1,549								6,078	1,070	7,148	21,473
Miscellaneous property and equipment	871	322	272	398	94	311	99	280	162	2,809	40	2,849	2,849
Insurance										187		187	3,979
Bad debt	2,395	527	435	623	95	566	155	1,021	162	5,979	1,815	7,794	2,916
Depreciation	14,761					55,220				69,981		69,981	51,183
<b>Total general expenses</b>	<b>108,757</b>	<b>43,928</b>	<b>10,765</b>	<b>16,785</b>	<b>6,583</b>	<b>414,289</b>	<b>66,746</b>	<b>35,217</b>	<b>6,182</b>	<b>709,252</b>	<b>30,648</b>	<b>771,061</b>	<b>684,379</b>
<b>Total functional expenses</b>	<b>465,839</b>	<b>157,583</b>	<b>113,973</b>	<b>157,881</b>	<b>55,302</b>	<b>687,578</b>	<b>132,236</b>	<b>193,001</b>	<b>96,643</b>	<b>2,060,036</b>	<b>105,675</b>	<b>2,165,711</b>	<b>2,075,479</b>

The accompanying notes are an integral part of these statements.



**Family Service of Greater Baton Rouge**  
**Statements of Cash Flows**  
**Years Ended December 31, 2001 and December 31, 2000**

	<u>2001</u>	<u>2000</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$299,558	\$140,678
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	30,648	31,260
Bad debt expense	14,761	23,615
Unrealized gain on investments	(1,341)	(28)
Provision for loan losses	55,220	27,568
(Increase) decrease in accounts receivable	(97,777)	(102,337)
(Increase) decrease in loans receivable	(75,319)	(31,393)
Decrease in prepaid expenses	(27,447)	(32,541)
Increase (decrease) in accounts payable	(1,530)	(10,053)
Increase in accrued liabilities	<u>11,901</u>	<u>5,752</u>
<u>Net cash provided by operating activities</u>	<u>208,674</u>	<u>52,521</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(28,564)	(30,446)
Certificates of deposit	<u>          </u>	<u>26,119</u>
<u>Net cash used by investing activities</u>	<u>(28,564)</u>	<u>(4,327)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on mortgage payable	<u>(10,114)</u>	<u>(59,505)</u>
<u>Net cash used by financing activities</u>	<u>(10,114)</u>	<u>(59,505)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	169,996	(11,311)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>650,616</u>	<u>661,927</u>
<b>Cash and cash Equivalents, end of year</b>	<u>820,612</u>	<u>650,616</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for		
Interest	<u>\$5,372</u>	<u>\$9,195</u>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 1-Nature of Operations**

The mission of Family Service of Greater Baton Rouge (the Agency) is to support, strengthen and enhance family life in greater Baton Rouge and the surrounding parishes through direct services and positive social actions. The Agency was incorporated in 1955, has been a United Way agency since 1959, and a member of Family Service America since 1962. The Agency's services range from prevention and education to tertiary intervention through case management or clinical modalities and methodologies. The Agency receives its funding through a variety of sources including United Way, service fees, contributions, state and local grants.

The Agency also offers a Pennington Family Loan Program. The Pennington Family Loan Program is an innovative program that provides small loans to low-income parents who are unable to qualify for a loan elsewhere. The purpose of the program is to help families meet expected or unexpected expenses that could interfere with their ability to remain employed or stay in school. The Pennington Family Loan Program provides loans from \$500 to \$3,000 for automotive purchase/repairs; child care; mortgage/rent and utilities; medical, dental and eyeglasses; job related expenses (uniforms, tools) and essential household appliances.

**Note 2-Significant Accounting Policies**

Basis of Accounting

The financial statements are presented using the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statements of Not-for-Profit Organizations"*. Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 2-Significant Accounting Policies (Continued)**

Cash and Cash Equivalents

The agency considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Investments

Investments are composed of equity securities and are carried at fair value.

Property and Equipment

The original cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method.

Restrictions on Net Assets

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions in satisfaction of program restrictions.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

The Agency is exempt from taxation as a public charity under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 2-Significant Accounting Policies (Continued)**

Advertising

Advertising costs are charged to operations when incurred.

Reclassifications

Certain reclassifications have been made to the 2001 financial statements to conform with classifications used in 2000. These reclassifications had no effect on net assets.

**Note 3-Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2001 and December 31, 2000, consisted of the following:

	<u><b>2001</b></u>	<u><b>2000</b></u>
Bank account	\$44,454	\$1,862
Petty cash	170	170
Money Market Account	389,788	355,565
Restricted for Family Loan Program	<u>386,200</u>	<u>293,019</u>
<u>Total cash and cash equivalents</u>	<u><u>820,612</u></u>	<u><u>650,616</u></u>

**Note 4-Accounts Receivable - Grants**

Accounts receivable from grants is composed of the following:

	<u><b>2001</b></u>	<u><b>2000</b></u>
Women and Children HIV Grant	\$40,710	\$14,582
Adolescent Case Management Program	27,656	96,187
Independent Living Program	40,786	34,303
Care Coordination Program	269,691	106,596
HIV Hope Program	16,710	28,914
Miscellaneous	<u>36,382</u>	<u>55,091</u>
	<u><u>431,935</u></u>	<u><u>335,673</u></u>

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 5-Land, Building and Equipment**

Land, building and equipment consists of the following:

	<u>2001</u>	<u>2000</u>
Building and improvements	\$436,369	\$433,604
Equipment	280,386	254,587
Automobiles	10,154	10,154
Less accumulated depreciation	(384,662)	(354,014)
	342,247	344,331
Land	<u>126,527</u>	<u>126,527</u>
<u>Total land, building and equipment</u>	<u>468,774</u>	<u>470,858</u>

**Note 6-Long-Term Debt**

Long-term debt at December 31, 2001 and December 31, 2000, consisted of the following:

	<u>2001</u>	<u>2000</u>
Mortgage payable to Bank One, 8.75% interest payable at \$1,700 monthly with remaining balance due April 1, 2001. Note was refinanced March 16, 2001 at 7.65% payable in 60 monthly installments of \$1,092. Note is secured by mortgage on land and building on Revere Avenue.	\$47,510	\$57,624
Less current maturity	<u>9,614</u>	<u>57,624</u>
<u>Total long-term portion</u>	<u>37,896</u>	<u>-</u>

Future maturities on long-term debt are as follows:

2002	\$9,614
2003	10,376
2004	11,198
2005	12,085
2006	<u>4,237</u>
	<u>47,510</u>



**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 7-Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted as follows:

	<u>2001</u>	<u>2000</u>
Baton Rouge Area Foundation	\$20,000	\$20,000
Casey Family Program	60000	
Pennington Family Loan Program (net of loan loss reserves of \$35,000 in 2001 and \$24,000 in 2000)	<u>454,547</u>	<u>314,277</u>
	<u>534,547</u>	<u>334,277</u>

The temporarily restricted net assets available for the Pennington Family Loan Program are held in a money market account, the purpose of which is to continue the program. At December 31, 2001 and 2000, \$103,346 and \$83,247 had been loaned. Interest earned during the fiscal years ended December 31, 2001 and 2000 was \$19,489 and \$21,778, respectively.

**Note 8-Net Assets Designated For Capital Improvements and Education**

The Board of Directors has designated a portion of its unrestricted assets to be used for capital improvements and educational purposes. These designations are unlike donor contributions which must be used for the purpose stipulated by the donor as the board has the authority to change or reverse its own action. The designated portion of the unrestricted net assets is augmented annually by earnings of the agency's interest bearing accounts.

Changes in designated net assets for 2001 and 2000 are as follows:

	<u>Designated Net Assets</u>		
	<u>Capital</u>	<u>Education</u>	<u>Total</u>
	<u>Improvements</u>	<u>Funds</u>	<u>Designated</u>
Balance, January 1, 2000	\$56,835	\$5,000	\$61,835
Interest income	21,778		21,778
Purchase of property, plant and equipment	<u>(18,455)</u>	—	<u>(18,455)</u>
Balance, December 31, 2000	60,158	5,000	65,158
Interest income	14,915		14,915
Purchase of property, plant and equipment	<u>(2,765)</u>	—	<u>(2,765)</u>
Balance, December 31, 2001	<u>72,308</u>	<u>5,000</u>	<u>77,308</u>

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 9-Pension Plan - Defined Benefit**

The Agency has a noncontributory defined benefit pension plan which is accounted for under SFAS No. 87, *"Employer's Accounting for Pensions"* and SFAS No. 132, *"Employers' Disclosures about Pensions and Other Postretirement Benefits"*.

Benefits under the plan are generally based on the employee's compensation during the highest five consecutive calendar years during the last ten calendar years of service before retirement. The pension plan is funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

A reconciliation of the Plan's funded status and amounts recognized in the Agency's balance sheets at December 31, 2001 and December 31, 2000 is as follows:

	<u><b>2001</b></u>	<u><b>2000</b></u>
Benefit obligations at December 31	\$770,029	\$684,225
Fair value of Plan assets at December 31	<u>(867,863)</u>	<u>(952,213)</u>
Funded status	<u>(97,834)</u>	<u>(267,988)</u>
Prepaid benefit cost recognized in the Statement of Financial Position	<u>186,690</u>	<u>159,344</u>

Weighted-average assumptions as of December 31:

	<u><b>2001</b></u>	<u><b>2000</b></u>
Discount rate	7.0%	7.0%
Expected return on plan assets	9.0%	9.0%
Rate of compensation increase	5.5%	5.5%
Benefit cost	<u>\$10,224</u>	<u>\$2,082</u>

In addition to pension benefits, the Organization provides employees an opportunity to participate in a deferred compensation plan offered through Mutual of America. The Organization does not guarantee those benefits. This plan is between Mutual of America and the employee and the Organization serves only in an agency capacity.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 10-Pension Plan - Defined Contribution**

The Agency has a defined contribution plan subject to Section 403(b) of the Internal Revenue Code. The plan covers substantially all of its employees who meet eligibility requirements. Contributions to the plan are based on 25% of the first 6% of the amount of the salary reduction of each employee. The amounts of pension expense under this plan were \$8,983 and \$5,323 for the years ended December 31, 2001 and 2000, respectively.

**Note 11-Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on records and estimates made by the Agency's management.

**Note 12-Concentration of Credit Risk**

Concentration of credit risk with respect to service fees is limited to the Baton Rouge, Louisiana area. As a result, the Agency is subject to the credit risk associated with the local economy in respect to service fees.

The major sources of funding are from United Way, and contracts with the State of Louisiana. Loss of any of these funding sources could adversely affect the Agency's operating results.

Grant receivables are due from federal and state agencies.

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with its balances in cash and cash equivalents, to minimize potential risk.

## **Supplementary Information**

**Family Service of Greater Baton Rouge**  
**Schedule of Federal and State Awards**  
**Year Ended December 31, 2001**

**Note 1-Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal and state grant activity of the Family Service of Greater Baton Rouge and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Disburse- ments/ Expenditures</u>
Department of Health and Human Services/Louisiana		
Department of Health and Hospitals:		
Teen Advocate Program	13.994	\$113,973
First Time Parents	13.994	157,881
HIV Prevention Program	93.939	55,302
Care Coordination Program*	93.915	<u>687,578</u>
		1,014,734
Department of Health and Human Services/Louisiana		
Department of Social Services:		
Independent Living Program		
Contract A and B	93.674	193,001
Department of Health and Human Services/Louisiana		
Department of Social Services/		
Office of Community Services:		
Women and Children HIV Grant	93.153	<u>96,643</u>
<u>Total</u>		<u>1,304,378</u>

\*Denotes major program



**HAWTHORN, WAYMOUTH & CARROLL, L.L.P.**

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**CERTIFIED PUBLIC ACCOUNTANTS**

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May 24, 2002

**Report on Compliance and on Internal Control over Financial  
Reporting based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

Board of Directors  
Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Family Service of Greater Baton Rouge as of and for the year ended December 31, 2001, and have issued our report thereon dated May 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Family Service of Greater Baton Rouge's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Family Service of Greater Baton Rouge's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control

over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgement, could adversely affect Family Service of Greater Baton Rouge's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,  
*Hawthorn, Wymouth & Carroll, L.L.P.*

**HAWTHORN, WAYMOUTH & CARROLL, L.L.P.**

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May 24, 2002

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over Compliance  
In Accordance with OMB Circular A-133**

Board of Directors  
Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana

Members of the Board:

Compliance

We have audited the compliance of the Family Service of Greater Baton Rouge with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2001. The Family Service of Greater Baton Rouge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on the Family Service of Greater Baton Rouge's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Family Service of Greater Baton Rouge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Family Service of Greater Baton Rouge's compliance with those requirements.

In our opinion, Family Service of Greater Baton Rouge complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

#### Internal Control Over Compliance

The management of the Family Service of Greater Baton Rouge is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Family Service of Greater Baton Rouge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Hawthorne, Weymouth & Carroll, L.L.P.*



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May 24, 2002

**Schedule on Audit Findings and Questioned Costs Applicable to  
Each Major Program In Accordance with OMB Circular A-133**

Board of Directors  
Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Family Service of Greater Baton Rouge, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Schedule on Audit Findings and Questioned Costs as Required by Circular A-133 Subpart E  
§505(a)(4)(b) Department of Health and Human Services, C.F.D.A.# 93.915.

- (1) The above mentioned audit report contained an unqualified opinion.
- (2) Our audit report did not disclose any material weaknesses or other conditions in internal control which are required to be reported under OMB Circular A-133.
- (3) We issued an unqualified report on compliance for major programs.
- (4) Our audit report did not disclose any material weaknesses or other conditions in internal control over major programs which are required to be reported by OMB Circular A-133.
- (5) Our audit report did not disclose any material noncompliance in major programs, as described in §.510(a)(2).
- (6) Our audit did not disclose any questioned costs, as described in §.510(a)(3).
- (7) The major program was identified as the Care Coordination Program.
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (9) The auditee does not qualify as a low risk auditee under §.530.

This report is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities.

Yours truly,

*Hawthorn, Waymouth & Carroll, L.L.P.*



**Family Service of Greater Baton Rouge  
Schedule of Findings  
Year Ended December 31, 2001**

Findings - Financial Statement Audit

2001-1 Accounts Receivable

Accounts receivable subsidiary ledgers are not being reconciled to the general ledger. We recommend that the subsidiary ledgers and the general ledger be reconciled in a timely manner.

Management's Response

The Board of Directors concurs that accounts receivable ledgers should be reconciled with the general ledger. The Agency will attend to reconciliation of subsidiary ledgers to the general ledger in a timely manner.